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## The Appcoin Revolution: Interview with Mike Vine of LBRY

Interview with Mike Vine of LBRY on appcoins as vital components of decentralized applications.

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The term "appcoin" refers to a cryptocurrency created to be a digital token paired with an application. Originally, appcoins were commonly associated with cryptoequity, but they have increasingly been designed to be essential to the use of new decentralized applications.

Cointelegraph had the opportunity to interview Mike Vine, Technology Evangelist for decentralized content distribution platform LBRY, on appcoins' increasing use beyond cryptoequity.

**Cointelegraph: What is an appcoin?**

**Mike Vine:** An appcoin is a cryptocurrency that is designed specifically to power a user application, rather than to just be a means of exchange and store of value. One of the beautiful aspects of private currencies (or private anything really) is that it doesn't have to be one-size-fits-all. We can have coins with attributes that work better for smart contracts and coins that work better for large transactions between banks and coins that work better for a hundred million people to each pay a penny to watch a music video.

LBRY Credits (LBC), our built-in cryptocurrency, fit the definition perfectly.

**CT: How many other appcoins do you know of?**

**MV:** Namecoin is a good early example. Ethereum is a kind of meta-appcoin, designed for facilitating various applications rather than just one. But LBRY has a chance of being the first to see mass adoption by the general public – surpassing even Bitcoin in number of users. Most people won't know or care that they're even using cryptocurrency. They'll just care about that song they want to download.

**CT: What made you decide to use an appcoin instead of Bitcoin or any other technology?**

**MV:** All of the LBRY founders are free-marketeers and Bitcoin advocates. I've rolled my eyes at get-rich-quick altcoin schemes since the early days. The market has shown

that the bar is pretty high for what additional features will make an altcoin competitive with Bitcoin in the global currency horizontal market.

Every attempt was made to figure out how LBRY might be built on top of Bitcoin, but we eventually determined that doing so would be bad for Bitcoin and bad for LBRY. The LBRY blockchain stores particular data helpful for finding media, and it operates a naming system unlike anything available in existing cryptocoins. Names are subject to an ongoing bidding process to put into practice economic theories about efficient allocation of resources. In plain English, we hypothesize that there result of our protocol will be users being able to find the content they want simply by typing in a common sense term, like "wonderfullife" for the film It's A Wonderful Life. Bitcoin isn't built to allow for this naming system.

Also, LBRY will be processing oodles of micro-transactions. As the current block size debate has laid bare, Bitcoin is trending toward handling larger transactions. Perhaps Bitcoin core will adapt to handle endless micropayments, but if LBRY takes off, we certainly don't want to be the ones to overwhelm the BTC blockchain at this stage.

Finally, we do plan to do a managed rollout of the protocol. In other words, we the founders are not simply going to release our system and hope that people adopt it. That's not how user applications traditionally succeed. In some ways, Satoshi set a deceptive precedent that you can just build something cool, release it, and let it take off. Of course, that's not even the real story of how Bitcoin got off the ground, but it does seem to be how other cryptoapp teams are approaching their product. At this stage, we view LBRY as a network app startup like Facebook was in its early days. It will be up to us to make the strategic decisions that see user adoption grow exponentially and make the network a viable competitor to centralized services like Netflix or iTunes.

Bitcoin will still be a payment option on the LBRY app, but it won't power the network. Fortunately, services like ShapeShift.io will make it easy to convert LBRY Credits to Bitcoin and back.



**CT: Have there been any challenges presented?**

**MV:** Hell yeah! Designing an appcoin is serious business. It's much harder than other kinds of startups because we're making decisions now that will be very hard to change in the future – and we're doing it with essentially no empirical information about how the protocol will actually be used. So that's why we're going to take our time in the alpha release stage before the genesis block comes out.

I will say that our team's understanding of economics is a major asset here, as it clearly was for Satoshi. We can use a priori principles to guide our design of this market toward the goals we set for it.

**CT: Do you see a possibility where (intentionally or not) your appcoin becomes an altcoin, and competes with Bitcoin as a currency?**

**MV:** Yes, any appcoin has the potential to overtake Bitcoin. In the commodity world, it's hard to find something that can compete with gold as money because of gold's

unique physical properties and distinctiveness, yet even there some people prefer to hold platinum because it is much more useful in building the high-tech equipment which defines our age. On the other hand, platinum is much more volatile because is has predominantly non-monetary uses. There is a strong argument that you do want to have a resource that is used primarily as money. LBRY Credits are not designed to outcompete Bitcoin in that role.

However, if Bitcoin adoption levels off and LBRY apps are used by billions of people, then cryptocurrency speculators and users may decide that they feel more comfortable holding and using an asset that has a more widely-demanded end use.

**CT: In the past, appcoins have primarily been associated with cryptoequity, whose main purpose is to raise capital for a project. Do you share the same vision for your coin, or are you going for more of a functionality aspect?**

**MV:** The value of LBRY Inc. is predicated on reserving a small share of Credits to the company, so there is a cryptoequity aspect to it. But we disagree with the notion of issuing another altcoin simply to make money from speculators. An appcoin should be designed around a specific goal for end users. Bitcoin is the generalist, and appcoins are the specialists. Meanwhile, common sense tells entrepreneurs that if it's practical to build your app on top of Bitcoin, do it! You'll instantly get the benefit of the most robust mining network of any cryptocurrency and a massive existing user base.

#Altcoin     #Appcoins     #Mike Vine     #LBRY

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